



AMESBURY

CITY HALL
62 Friend Street
Amesbury, MA 01913

City Council Finance Committee Meeting Minutes

Tuesday 2021 at 7:00 PM
City Hall Auditorium

Finance Committee Chair Stanganelli called the meeting to order at 7:08 PM.

Members present: Councilor Einson, Councilor Gilday, Councilor Hogg, Councilor Kisielecki, Councilor Wheeler and Councilor Stanganelli

Members absent: Councilor Lennon, Councilor Mandeville and Councilor Rinaldi

Minutes for Approval: None at this time.

Communications & Updates

- Chief Financial Officer, Angel Willis, gave her monthly update to the Finance Committee members.
 - She said, the City has voted to use the remainder of free cash to support the FY22 operating budget.
 - She said looking forward to next year, the City has already exceeded the estimated receipts which will all be going into free cash.
 - The general fund is at \$375,000.00, in one week that will flow into free cash. On the appropriation side, the estimated turn back looks around \$700,000.00 and hopefully the free cash will do better next year.
 - The enterprise funds are looking good. The City has exceeded revenue estimates by \$261,000.00 and it is expected to have appropriation turn backs of about \$600,000.00.
- Councilor Gilday asked Angel Willis if the enterprise funds were just for water and sewer.
 - She replied yes, the only other enterprise fund we have is for cable.
- Councilor Gilday asked what the balance was for the two stabilization funds.
 - Angel replied, we have the stabilization and the smart growth stabilization. She said the numbers are in the budget book, by her memory the numbers are about 1.2 million dollars for the stabilization fund and about \$300,000.00-\$400,000.00 in the smart growth stabilization fund.
- Councilor Wheeler asked if the appropriation turn back from the enterprise fund will revert back into free cash.
 - Angel replied, not in the enterprise funds. All the revenue in the expense appropriations will go back into the enterprise retained earnings.
- Councilor Einson asked how this year compares to previous years.
 - Angel replied, last year was an anomaly being the lowest looking back a ten year span. Typically it is around 1.2 million dollars, 1 million dollars.

- Councilor Einson asked if there were any departments that have had large turn backs this year.
 - Angel replied that Police and DPW have had the biggest.
- Councilor Stanganelli asked, in regards to the cannabis excise, what the schedule the tax pays out is.
 - Angel replied, the state pays quarterly and the local contributions are once a year by December 31st. The City has not received June's payment from the state yet. She is hoping it comes in by June 30th. She said the City has also not received fourth quarter Meals and Hotels taxes yet either.
- Councilor Stanganelli asked what the March cannabis collection was.
 - Angel replied, the City was getting approximately \$35,000.00 a month
 - Councilor Stanganelli wanted noted that this amount was for two cannabis retail stores.

Public Comment:

- James N. Thivierge, lifelong Amesbury resident, gave a public comment on his opinion of the how the City is handling their finances.

2021-088

- Angel Wills said this bill is a standard boiler plate sent by the City's audit firm, Melanson and Heath. She said in order to be in compliance with Federal policies, these guidelines need to be adopted and put into place. Previously it was just the School Department with the federal stimulus, the City has met the threshold as well and now has to adopt the policies. She said she went over the documents and did not see anything out of the ordinary. She said she highly recommend the City adopting these.
- Councilor Einson asked Angel if there was anything in the document that she noticed that needed to be customized or tailored specifically to fit Amesbury.
 - Angel replied by saying that she did make some minor adjustments but nothing of significance.
- Councilor Wheeler pointed out two grammatical errors and suggested edits:
 - On page 6, in the last paragraph under "Airlines", the word "you" be revised to read "they"
 - On page 14, the formatting of the last paragraph under "Conflicts of Interest" be adjusted.

Councilor Wheeler motioned to send order 2021-088 back to City Council with a positive recommendation pending amendments. Councilor Hogg seconded this motion. Motion passed by unanimous consent (6).

- **On page 6, in the last paragraph under "Airlines", the word "you" be revised to read "they"**
- **On page 14, the formatting of the last paragraph under "Conflicts of Interest" be adjusted.**

2021-091

- Councilor Gilday said she had spoken about order 2021-091 extensively at the Ordinance Committee meeting, as well as two other bills that were linked together (2021-092 and 2021-093).
- Councilor Gilday said that with bills 2021-091 and 2021-092, the language was essentially taken directly from Mass General Law Chapter 64G section 3DA and 3DB.
 - She said 2021-091 specifically speaks only to professionally managed short term rental units.
 - She said it is just like the local options tax the Council accepted for community impact fee for cannabis; the most you can accept is 3%.
 - She reiterated that, no less than 35% of community impact fees shall go to the housing trust, is lifted directly from MGL.
 - She said both 2021-091 and 2021-092 are both already written in MGL and can be adopted by Amesbury, there is not much to change besides the impact fee and housing trust percentages.
 - She said that the Ordinance Committee had sent these two orders back to City Council with a positive recommendation with the caveat that they not be implemented until the licensing and registration ordinances were approved. She said they did this because there is no agency to collect these fees or enforcement the rules.
- Councilor Einson asked Councilor Gilday how many short term rental dwellings are currently in Amesbury.
 - Councilor Gilday replied, there is no way of knowing.
- Councilor Einson said there are some things he is concerned about and questions:
 - If there is no knowledge of how many short term rental units there are in the city right now, it might be more expensive to enforce these rules than what is being brought in by impact fees.
 - There is some concern over the usage of the 3% impact fee being brought in from the cannabis dispensaries and whether or not those fees are being used for “impacts” or other things. The concern is whether or not this bill would be in the exact same position.
 - He would like clarity into what professionally managed means. He asked if something is on Air BnB is that being professionally managed? Or if a company that has a whole bunch of houses that they are putting on Air BnB is that professionally managed?
 - Chief of Staff, Paul Fahey, answered it is both. It is more so of someone owning or renting a dwelling and then renting it out on Air BnB. It is not so much someone renting a room in their house out on Air BnB.
- Councilor Wheeler suggested taking the definition of professionally managed directly out of MGL.
- Councilor Wheeler said he is assuming the revenue from the impact fees would mostly like be a few thousand dollars a year. He suggested raising the percentage of funds to go into the housing trust up from 35%.
- Councilor Gilday noted that the local hotel tax as of 2016 extends to short term rental units, however if the proprietors of the units fail to register with the state, the state cannot intercede on behalf of Amesbury to collect the fees owed.
- Paul Fahey read into the minutes the MGL definition for professionally managed unit:

- "Professionally-managed unit", 1 of 2 or more short-term rental units that are located in the same city or town, operated by the same operator and are not located within a single-family, two-family or three-family dwelling that includes the operator's primary residence.
- Councilor Stanganelli stated there is the municipal data bank. The Department of Revenue (DOR) manages and collects revenues for the municipal data bank. All the City would have to do is submit a list of names to the DOR through the municipal data bank.
- Councilor Stanganelli wanted noted, anyone doing this in their homes has the potential to be out of compliance with their mortgage documents. Every Fanny Mae and Freddy Mac uniform contract indicates you are swearing to not operate your home, their collateral, as a hotel.

Councilor Wheeler motioned to send order 2021-091 back to City Council with a positive recommendation. Councilor Hogg seconded this motion. Motion passed, 5 in favor, 1 opposed (Kisieleski).

2021-092

- There was no discussion by the committee.

Councilor Einson motioned to send order 2021-092 back to City Council with a positive recommendation. Councilor Gilday seconded this motion. Motion passed, 5 in favor, 1 opposed (Kisieleski).

2021-093

- Paul Fahey said there is an internal group comprised of himself, Angie Cleveland, Ernest Creveling and Nipun Jain. They have gathered and discussed and feel setting forth this first bill as the stepping stone into the licensing and regulations is a good decision.
- Councilor Gilday gave a briefing of the bill. She said it was first introduced in May of this year (2021) to administration. The group aforementioned by Paul Fahey picked it apart along with KP Law and pulled out a lot of the regulation stuff and created the licensing bill now. KP Law has provided additional feedback which is not in front of Finance tonight. Ordinance did see the redlined version and recommended the bill be held until they can see KP's suggestions in the bill. She said KP's suggestions are really just to tighten up a couple of sections and to move a couple of bits into a regulations ordinance. She said she would like to incorporate all of the edits to have a new version as well as have a first reading of the regulations bill for the July City Council meeting.
- Councilor Wheeler asked if the fees collected from the license registrations would go to the general fund.
 - Councilor Gilday responded yes they would.
- Councilor Einson wanted to ask some questions,
 - Is there currently a licensing board?
 - Councilor Gilday answered no.
 - The license application would go through the board of health, is that what the hotel applications do, go through the board of health?
 - Councilor Gilday responded by saying that she believes this was a suggestion by KP.

- Paul Fahey said it is a good point to bring up that there is no licensing board. It is something that will need to be worked out through the sub group and throughout the tweaks.
 - Will people not have to go through the Clerk's Office to obtain a business license? They are essentially running businesses and you do not get a business license through the board of health.
 - Councilor Gilday said, yes they will have to go through the Clerk's Office.
 - Councilor Stanganelli said there is a business licensing process right now through the Clerk's office. There is the DBA Business certificate that goes with other licenses such as the general business license.
 - The \$250.00 application fee would not include the DBA and general business license.
 - Councilor Einson asked if someone had three different properties would they have to pay the fee on each.
 - Councilor Gilday answered yes but that detail should be hammered out in Ordinance Committee.
- Councilor Einson asked Councilor Gilday if she thinks there are going to be any significant financial changes to this order.
 - She answered by saying quite possibly.

Councilor Einson motioned to continue order 2021-093 to the next regularly scheduled Finance Committee meeting pending Ordinance Committee recommendation. Councilor Gilday seconded this motion. Motion passed by unanimous consent (6).

2021-094

- Councilor Stanganelli explained there was an updated version the Council had just received prior to the meeting that had a sum total transfer of \$952,215.00 which, he believes, is a \$2,000.00 difference from the first version. He said there may be a 3rd version.
- Angel Wills said this bill is a moving target for her as well since the books do not close for another couple of weeks. She said she is pretty confident in her predictions since she has been doing this for a long time.
- Councilor Stanganelli said he is going to read, for the record, what the amounts are on the original version, the second version and what the amounts are on the most current revised version.
 - The version timestamped May 27th, 2021 has a transfer total of \$950,215.00.
 - The second version timestamped June 2nd, 2021 has a transfer total of \$950,215.00
 - The current version timestamped June 22nd, 2021 has a transfer total of \$952,215.00
- Councilor Wheeler stated the only difference he saw between the versions was on the transfers from, where the money is coming from Health salaries and wages, it went from \$74,000.00 down to \$44,000.00 and the health expenses went from \$10,000.00 to \$44,000.00
- Councilor Einson asked Angel about the \$700,000.00 in givebacks, money that departments didn't need, and how that coincides with all the money that is needed to be transferred to help fund departments.

- Angel replied by saying she was estimating all the money not spent in different departments from salary and other expenses.
- Councilor Stanganelli read into the record,
 - The three biggest *transfer-froms* sources to fund this \$952,215.00 are:
 - Health Insurance - \$280,000.00.
 - The Reserve Fund, the remainder in the reserve fund is \$217,300.00
 - The Department of Public Works - \$111,263.00 to fund their own deficit.
- Councilor Wheeler stated that \$5,000.00 seems low for the Merrimack Street Light contract, in May when we were going through the budget, Rob Desmarais said it would be around \$30,000.00 a year.
 - Angel replied that this is not for a full year, there was some remaining capital money from the capital street lights project that was used, \$5,000.00 is the difference needed to close out the fiscal year.
- Councilor Wheeler asked about the deficit from the DPW.
 - Angel replied by saying the DPW spent more than the Chapter 90 fund authorized. That was an internal issue. It has been a deficit on the books for 5 years, and it is finally being resolved.
- Angel stated there might be another revised version, but she is confident there will only be minor tweaks and the City will close the year in a surplus.

Councilor Einson motioned to send order 2021-094 back to City Council with a positive recommendation. Councilor Hogg seconded this motion. Motion passed by unanimous consent (6).

2021-095

- Paul Fahey stated there was an incident with the wall in the basement of the library which needs immediate attention and to reallocate the funds for that purpose. He said there is no one from the library to answer specific questions right now but he will have someone to answer them at the next Council meeting. Rob Desmarais is aware and working on the situation as well.
- Councilor Gilday asked if the capitol account that this is being funded out of is revolving account and does not have an end of life.
 - Angel nodded yes.

Councilor Wheeler motioned to send order 2021-095 back to City Council with a positive recommendation. Councilor Gilday seconded this motion. Motion passed by unanimous consent (6).

2021-097

- Paul Fahey said similar to the last item, if there are specific questions about the project he will defer them to the school department.
- Councilor Wheeler said there will be approximately \$2,000.00 left in the fund they are transferring money from. He wanted to know if it was possible to take the remaining balance and put it into the general fund.
 - Angel replied by saying yes, that is possible if the Council wants to do it.

- She said that money is in the account to be used by the school for technology
 - Councilor Wheeler said, maybe it should be told to Tim or Joan that there is money there for technology purposes.
- Councilor Stanganelli stated he would like to see the money stay in that account.

Councilor Wheeler motioned to send order 2021-097 back to City Council with a positive recommendation. Councilor Einson seconded this motion. Motion passed by unanimous consent (6).

Councilor Kisieleski motioned to adjourn. Councilor Wheeler seconded this motion. Motion passed by unanimous consent (6).

Adjourned at 8:47pm

Respectfully Submitted by, Ellie Andersen, September 24, 2021